

**Testimony of Howard F. Pitkin, Banking Commissioner  
Before the Executive and Legislative Nominations Committee  
January 18, 2011**

Good afternoon, Senator Looney, Representative Janowski, and members of the Executive and Legislative Nominations Committee. My name is Howard F. Pitkin. It is a pleasure to be here today having been nominated by Governor Malloy to serve as Commissioner of the Connecticut Department of Banking. I would like to thank Governor Malloy for having appointed me to continue working as Banking Commissioner.

My background includes having served as Banking Commissioner for the past 4 ½ years, taking over the position after Commissioner Jack Burke retired. I began my career with the Banking Department in 1977 as an Inspection Aid and worked as a bank examiner for approximately ten years. In 1987, I became Assistant Director of the Bank Examination Division and was later promoted to Director in 1989. In my capacity as Director, I had full control of the bank examination process, and made all decisions on bank ratings, regulatory orders, scheduling and personnel issues. I continued in this position until 2000 when I was promoted to Administrator of Depository Institutions where I restructured two line divisions into one, combining the bank examination division and the credit union division. I had full responsibility for personnel, examination policies, regulatory orders and budgeting for this combined division. I also became involved in overseeing the agency's technological initiatives.

After attending Manchester Community College, majoring in Business Administration, I attended Central Connecticut State University and then graduated in 1985 from Stonier Graduate School of Banking at Rutgers University.

Moving away from my personal history, I would like to describe the Department of Banking and what I believe should be its priorities going forward.

The Department of Banking is responsible for the regulation of financial institutions and related entities. Its mission is to protect users of financial services from unlawful or improper practices by requiring regulated entities and individuals adhere to the law, assuring the safety and soundness of state chartered banks and credit unions, educating and communicating with the public, and promoting cost-efficient and effective regulation. The agency is divided into three line divisions responsible for specific types of financial institutions or types of transactions, as well as other divisions that support the department functions.

The Consumer Credit Division licenses and regulates mortgage brokers, mortgage lenders, mortgage correspondent lenders and originators; consumer collection agencies; debt adjusters; debt negotiators; sales finance companies;

small loan companies; check cashing services and money forwarders. With the recent addition of the Nationwide Mortgage Licensing System, all mortgage originators in the United States must go through a new licensing process. The Division is in the process of enhancing its nationwide communication with other states to better serve the individuals we regulate and protect the consumers of Connecticut.

The Financial Institutions Division regulates state-chartered bank and trust companies, credit unions, savings banks and savings and loan associations. It also supervises foreign bank agencies, branches and representative offices; licenses certain entities; and reviews applications for new banks and credit unions, mergers, branches, field of membership expansions and other matters.

A provision of the Dodd-Frank Reform Act abolishes the Federal Office of Thrift Supervision and several federally chartered banks have met with our staff to explore a possible conversion to a state charter. This action would represent a significant increase in the number of financial institutions regulated by the Department. I should also mention that Connecticut currently has five foreign banking organizations, including UBS AG and Royal Bank of Scotland, two of the largest financial institutions in the world. Our agency works in conjunction with the Federal Reserve Bank of New York during examinations and continual on-site-monitoring.

The Securities and Business Investment Division is responsible for the registration of securities and business opportunity offerings for sale in Connecticut; the registration of broker-dealers and investment advisers, along with their agents and branch offices; the examination of broker-dealer, investment adviser and branch office registrants; and the enforcement of the state's securities and business opportunity laws.

Again, major reform of the regulation of financial services industries took place with the Dodd-Frank Bill. The role of the states in the regulation of the securities industry takes on added importance under this legislation. Effective July 2011, investment advisers with assets between \$25 million (the current threshold) and \$100 million will now fall under state jurisdiction alone. I anticipate for Connecticut-domiciled advisers, the advisory registration base will increase by approximately 35%.

In closing, I would like to say that I am very proud of the work the Department has done. The staff and I are committed to protecting the citizens of Connecticut. I'm excited to have the opportunity to continue providing sound financial guidance at the Department of Banking.

Thank you for the allowing me the opportunity to speak with you and I look forward to answering any questions you may have.